Producers 88 (1/05) Revised Paid Up With 640 Acres Pooling Provision

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.



OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 24 day of Leven, 2009 by and between, Portland H. Castillo and husband, Felipe Castillo, Lessor (whether one or more), whose address is: 4610 Yale Drive, Grand Prairie Texas 75052, and Fleet Oil and Gas, Ltd., as Lessee, whose address is: 3045 Lackland Rd., Fort Worth, Texas 76116, WITNESSETH:

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS LEASE DOES NOT GRANT TO LESSEE ANY RIGHT TO USE THE SURFACE OF THE LEASED LAND FOR DRILLING OR STORAGE OF MATERIALS OR EQUIPMENT.

1. Lessor in consideration of <u>Ten and no/100s (and other Good and Valuable consideration)</u> Dollars (\$ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee here contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity geochemical and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in the County and State herein named, to-wit:

A 0.1363 acre tract of land, more or less, being described as Lot 9, Block E, SHEFFIELD VILLAGE, PHASE VII, an Addition to the City of Grand Prairie, out of the John Moody Survey, Abstract #1007, Tarrant County, Texas, according to the Plat thereof recorded in Volume 388-208, Page 2, Plat Records, Tarrant County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above, it being the purpose and intent of Lessor to lease, and Lessee does hereby lease, all strips or parcels of land now owned by Lessor or hereafter acquired which adjoin the land above described, and all interest in the land above described now owned or hereafter acquired by Lessor.

For the purpose of determining the amount of any bonus, rental, and shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of **Five (5)** years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.
- 3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal Twenty Percent (20%) part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one Twenty Percent (20%) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear Twenty Percent (20%) of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, Twenty Percent (20%) of the amount realized by lessee, computed at the mouth of the sale of gasoline or other products extracted therefrom and Twenty Percent (20%) of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (51.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, this lease shall, nevertheless, continue in force as it no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities, flow lines, separator, and lease tank, and shal
- 4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order to properly explore, or develop and operate said leased permises in compiliance with the spacing rules of the Railroad Commission of Texas, or other lawfulnty, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not construct the provision of the conservation of a well at a regular location or for obtaining a maximum allowable from any well to be drilled, drilling or already drilled, for the drilling or operation of a well at a regular location or for obtaining a maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or protions thereof into other units. Lessee shall file for record in the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances of the county in which the classed premises are situa

production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

- 5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 180 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil, gas or other mineral, or any of them, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land within 330 feet and is draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of re
- 6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessec on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.
- 7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of such party; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.
- 8. The breach by Lessee of any obligation arising hereunder shall neither work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres plus an acreage tolerance not to exceed 10% of 40 acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.
- 9. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.
- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee shall have the sole and exclusive right to use the subsurface below the land for exploring for or producing oil and gas and Lessor shall not have the right to lease or grant a subsurface easement to any person as to any depth below twenty-five (25) feet below the surface of the land. Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalities accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee may, at any time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- 12. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.
- 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.
- 14. If, during the primary term of this Lease, Lessor receives, from a third party, in an arms-length transaction, a bona fide offer, which Lessor is willing to accept, to purchase a lease on all or any part of the lease premises with that lease becoming effective on the expiration of this Lease, Lessor agrees to immediately notify Lessee, in writing, of the offer, including in the notice the name and address of the offeror, the price offered and all of the pertinent terms of the offer. Lessee shall have thirty (30) days from the date of receipt of Lessor's written notice within which to elect to purchase a new lease on any part of the lands that are subject to this lease at the same price and on the same terms and conditions as specified in the third party offer. All offers made at times up to and including the last day of the primary term of this Lease shall be subject to the terms and conditions of this provision. In the event Lessee elects to purchase the new lease it shall notify Lessor in writing prior to the expiration of the thirty (30) day period. Lessee shall promptly furnish Lessor the new lease for execution by Lessor, together with Lessee's payment of the bonus, as specified in the offer, as consideration for the new lease. Upon receipt, Lessor shall promptly execute the new lease and return it to Lessee. Lessee's failure to respond to Lessor's written notice within the thirty (30) day period shall be deemed an election by Lessee not to purchase the new lease. At that time, Lessor shall be free to execute the new lease in favor of the third party offeror.

N WITNESS WHEREOF, this instrument is executed on the date first above written.

ortland H. Castille

Felipe Castillo

THE STATE OF TEXAS
COUNTY OF _______

Notary Public, State of Texas My Commission Expires Desember 11, 2011

This instrument was acknowledged before me on this 24 day of _

20 Of by Portland H. Castillo, the

Joany Public, State of Texas

U.d. n. n/Onitus Notesy Fuhliu, State of Toxas My Commission Expires Deporture 11, 2011

THE STATE OF THATS
COUNTY OF Janoat

This instrument was acknowledged before me on this 24 day of 1 day of 1

20DG by Felipe Castillo, the Lessor(s).

John Toul

After Recording Return To: Fleet Oil and Gas, Ltd. 3045 Lackland Rd. Fort Worth, TX 76116



FLEET OIL & GAS 3045 LACKLAND RD

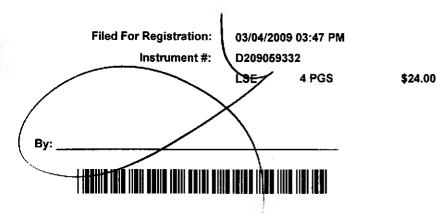
FT WORTH

TX 76116

Submitter: FLEET OIL & GAS

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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